



Director of
Central
Intelligence

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

Top Secret

25X

National Intelligence Daily (Cable)

16 April 1979

State Dept. review completed

Top Secret

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

Copy 538

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

National Intelligence Daily (Cable)

25X1

Contents

Briefs and Comments

Liberia: Riots in Monrovia	1
Poland: Winter's Effects on Economy	2
EC: Trade with China	3
Italy: Arms Debate	4

25X1

Special Analysis

Rhodesia: Looking Beyond the Election	6
---	---

25X1

BRIEFS AND COMMENTS

LIBERIA: Riots in Monrovia

The government of President Tolbert has been badly shaken by widespread rioting and looting that erupted in Monrovia over the weekend in response to a proposed increase in the price of rice, a staple for the city's poor. Sporadic violence continued last night, and the government has requested emergency US military equipment and financial aid in restoring order.

25X1

Perhaps as many as 40 persons have been killed and 300 injured in clashes with the security forces, which concentrated on combating the worst outbreaks of violence and on guarding key government installations. Police and military forces are overtaxed and exhausted, and some army units have proven unreliable and joined in looting. The government has decided for now not to accept an offer from neighboring Guinea to send 200 soldiers.

25X1

The government has declared martial law and a curfew. Extensive damage and looting has occurred in all business sections of the capital. No American citizens or US facilities have been attacked.

25X1
25X1

The government attributes the mob action to orchestrated efforts by leftist opposition leaders and students who called last week for demonstrations. The US Embassy believes the rioting was spontaneous, however, and was not politically organized. The rioting is a major setback for politically stable Liberia and President Tolbert, who has been preparing to assume the chairmanship of the Organization of African Unity, which will hold its annual summit in Monrovia in July.

25X1

25X1

25X1

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

POLAND: Winter's Effects on Economy

Polish industrial output fell substantially last December and January in the wake of what Premier Jaroszewicz called "almost unprecedented" cold and snow. The resulting production shortfalls, which continued through the first quarter of 1979, will complicate Poland's increasingly difficult economic situation.

25X1

Industrial output in December dropped to 2 percent below the December 1977 level and January production plunged to 13 percent below the January 1978 level, as transportation tieups and shortages of electrical power partially idled plants. Output in many key industrial materials and intermediate goods fell sharply, which is likely to limit industrial production later in the year and compound the difficulties industry already faces as a result of cutbacks in imports from the West.

25X1

The chemical industry, particularly affected by interruptions in power supply and raw materials, reportedly produced well below plan during the first quarter. This may result in fertilizer shortages that could spell trouble for Polish farmers, already behind in their spring planting because of serious flooding in some areas.

25X1

Poland will be hard pressed to make up lost production and to smooth out deliveries of needed materials. The chronic shortage of rail cars will hamper recovery. The huge backup of urgently needed raw materials at Polish ports highlights the transportation bottleneck.

25X1

Warsaw also will be under pressure to overcome its poor start in pushing exports this year. Early in January, the government declared a *force majeure* on exports of coal and sulfur, which contributed to a 27-percent January-to-January drop in exports to the West. The resulting slump in export earnings is compounding the problems of the government as it struggles to meet Poland's large and rising debt service payments.

25X1

25X1

25X1

EC: Trade with China

//West European hesitancy over certain trade concessions threatens to delay the inaugural session next month of the EC-Chinese joint commission. Several EC countries have genuine economic difficulties with the proposed concessions, and France may also be wary of accommodating China on the eve of President Giscard's trip to Moscow. West European interest in China, however, shows no sign of declining.//

25X1

//The joint commission, established in the EC-China trade agreement negotiated over a year ago, is still formally scheduled to meet from 3 to 5 May in Beijing to explore implementation of that accord. The EC, however, has been unable to agree on a position for negotiating mutual concessions in the textile sector; some countries favor increasing total EC imports, while others would shift quotas to China from other producers. There is also some disagreement over whether, and on what terms, to treat China as a developing country for purposes of the Community's generalized system of preferences. France, the firmest opponent on textiles, has suggested postponing the joint commission meeting for at least a month.//

25X1

//France, Italy, and the UK fear the impact of Chinese competition on their textile industries. EC officials also think France may still be irritated about China's conflict with Vietnam and concerned about the presidential trip to Moscow.//

25X1

//Other EC countries may also be reevaluating their approach to the Chinese market. A West German newspaper has suggested that many in the EC now feel the Community-level approach of liberalizing Chinese quotas in many trade sectors will primarily benefit West German exports. EC countries may be anticipating more competition with each other and thus may find little ground on which to develop a more liberal EC policy for Chinese trade.//

25X1

25X1

25X1

[REDACTED] Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

ITALY: Arms Debate

Force modernization and defense spending have become an important political issue in Italy for the first time in several years. The Communists and Socialists have tried to use their control of nearly half the seats in parliament to limit arms spending and allocate resources to social programs in the face of NATO's agreement on a 3-percent real increase in defense expenditures. With a national election set for 3 and 4 June, the issue is not likely to die soon.

25X1

Defense Minister Ruffini briefed the Senate last month on the force modernization program authorized in 1977 and on the impact of a curtailment on Italian military capabilities. Parliamentary review of authorized but incompletely funded programs is disconcerting to the military and threatens the arms industry. Inflation has already forced a curtailment of some programs, and parliament, once it is reconstituted following the election, will probably be inclined to cut others.

25X1

Because the current government crisis has precluded parliamentary consideration, the arms debate has shifted to the Italian press. Former military officers or other defense advocates have written most published opinions. Their articles discuss basic defense issues--such as Italy's strategic objectives, its role in NATO, and the relevance of new weapons to the nation's defense requirements.

25X1

//Defense-related issues are not likely to play a large role in the election campaign--but the Communists and Socialists could use them as part of their attack on the Christian Democratic governing record.//

25X1

25X1

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

25X1

[REDACTED] Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

SPECIAL ANALYSIS

RHODESIA: Looking Beyond the Election

25X1

[REDACTED]

The transition to a black-led government in Rhodesia, to be completed in late May or early June with the appointment of a black Prime Minister, will not mean an end to the fighting or bring widespread international recognition of the new regime. It will, however, affect the political context in which internal and external black leaders maneuver for power, and it will pose hard choices for those states most closely involved in the Rhodesian imbroglio. [REDACTED]

25X1

The Rhodesian Government is making an all-out effort to ensure adequate security and a large turnout this week when Rhodesian whites and blacks go to the polls to elect 72 black representatives to the House of Assembly. The whites held a separate election last week to choose the 20 directly elected white representatives. The 20 white and 72 black newly elected members of the House will elect eight more white members on 7 May. [REDACTED]

25X1

The government has canceled all military and police leaves during the election period and called up all civilian reservists to provide security and to police the polling stations during the election. Some 75,000 Rhodesians will be mobilized for the effort. These forces will be assisted by about 10,000 ex-guerrillas and local recruits who are loyal to internal black leaders Bishop Muzorewa and Reverend Sithole. Voting will be staggered throughout the country over a five-day period. Government pressure and intimidation by the black parties and their auxiliary forces is likely to result in a fairly high turnout. [REDACTED]

25X1

Although the Zimbabwe African National Union and the Zimbabwe African People's Union are committed to disrupting the election, it is unlikely either can prevent it from taking place. ZANU and ZAPU now have more than 10,000 guerrillas inside Rhodesia and are infiltrating several thousand more. Both groups plan to intimidate

25X1

--continued

25X1

voters, attack electoral officials and polling stations, and possibly stage incidents near the polling stations to distract the security forces. It is likely, however, that the Rhodesian security forces will be able to maintain sufficient control to proceed with the polling in most, if not all, regions. [REDACTED]

25X1

Although the new parliament will be numerically dominated by blacks, the whites will retain substantial--if not controlling--influence in the new government. Continued white domination of the military, police, judiciary, and civil service will be ensured by the constitution, which establishes criteria such as senior rank, longevity, and "efficiency and suitability" for appointment to top positions in these fields. Moreover, none of these so-called entrenched clauses in the new constitution can be amended or deleted without the approval of 78 members of the House, which would require at least six white votes.

25X1

Bishop Abel Muzorewa will probably win a strong position of leadership in the new government of national unity, with his party winning at least half the black seats in Parliament. His closest rival, Reverend Ndabaningi Sithole, has lost ground in recent months, and his party probably will win no more than 20 seats. Chief Jeremiah Chirau, the other black leader in the internal government, lacks broad popular support, but his organization should pick up a few seats. Chief Ndiweni, who broke with Chirau last November to form his own Ndebele-based party, has not developed a strong political base, but his party could win enough seats to gain a post in the cabinet. [REDACTED]

25X1

Muzorewa will seek to consolidate his position by strengthening his relationship with the whites, establishing greater control over the countryside, and inducing defections from ZANU and ZAPU. He may try to split the guerrillas further by offering to strike a separate deal with ZANU or ZAPU. We doubt, however, that the white leaders will show enough flexibility to allow Muzorewa to propose a deal acceptable to either guerrilla leader. [REDACTED]

25X1

These factors account for a growing confidence among whites that the internal settlement might eventually

--continued

25X1

25X1

[REDACTED] Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

succeed. A continuation of these trends could lead to a hardening of white attitudes and a growing reluctance to seek a political deal with the guerrillas. Given the probability that the level of fighting inside Rhodesia will escalate, however, most whites probably will continue to support efforts to negotiate some sort of a political settlement. [REDACTED]

25X1

The election of a new government, coupled with a continuation of the fighting, will create some hard choices for those states most closely involved with the Rhodesian problem. The frontline states will continue to support the guerrillas, but an intensification of the fighting could force some presidents into an open-ended commitment to an increased Soviet and Cuban presence in their countries. The frontline states might also have to consider the possibility of supporting one guerrilla group against the other in the event of a civil war. [REDACTED]

25X1

If the Soviets and the Cubans continue to favor ZAPU over ZANU, they risk alienating Tanzania and Mozambique, which would like to see support spread more evenly between ZAPU and ZANU. If they agree to support both groups, however, they could become involved on both sides of a civil war. A decision by Nkomo to make a separate deal with Muzorewa and return to Rhodesia could ultimately force the Soviets and the Cubans to throw their support solely behind ZANU. Regardless of how these various factors play out, Soviet and Cuban involvement with the guerrilla forces--and with their hosts--will continue to grow. [REDACTED]

25X1


25X1

[REDACTED] Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9

25X1

Top Secret

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9



Top Secret

Approved For Release 2004/07/08 : CIA-RDP79T00975A031300130001-9